

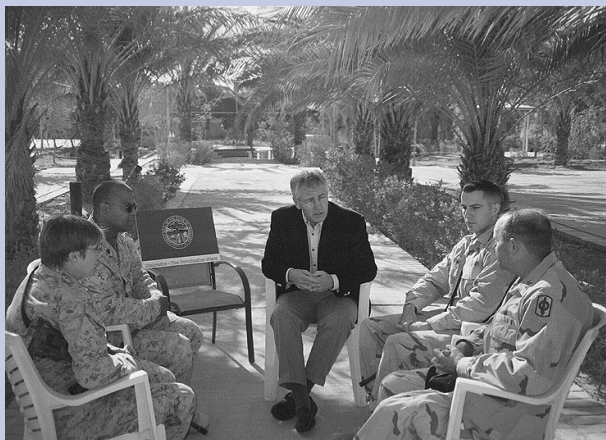


2004 YEAR END REPORT

U. S. SENATOR

CHUCK HAGEL

January, 2005



Senator Hagel with a group of Nebraska soldiers in Iraq.

Dear Friends,

In 2004, the United States undertook immense responsibilities and achieved some significant successes, at home and around the world. From the continuing military campaign in Iraq to the reform of our nation's intelligence community, Congress acted on our country's most critical priorities.

My Year End Report highlights some of the year's activities important to Nebraska and our country. Meeting the challenges of 2005 will require hard work and principled leadership in Congress.

I will continue to listen to your suggestions and work hard to responsibly address your concerns. Thank you.

Sincerely,

Chuck H.

MAJOR ISSUES IN CONGRESS IN 2004

National Security

Iraq, Afghanistan and the Greater Middle East

In December, I led a bipartisan Senate delegation to the Middle East. We met the leaders of Israel, the Palestine Liberation Organization (PLO), Iraq, Jordan, Bahrain, Egypt and other nations. In Bahrain, we attended the International Institute for Strategic Studies "Gulf Dialogue" Conference and met with senior national security delegations from the Gulf, Europe and Asia.

The highlight of our trip was spending time with our troops, especially our service men and women from Nebraska. All of Nebraska can be proud of our troops, who are fighting bravely and working tirelessly to bring peace and stability to Iraq.

In the Fiscal Year 2005 Omnibus Appropriations bill, I secured funds for the Afghanistan Young Leaders Program, which will bring outstanding young leaders from Afghanistan to the University of Nebraska-Omaha for leadership training.

Intelligence Reform

To better coordinate intelligence gathering and analysis responsibilities between the 15 intelligence agencies in the federal government, Congress passed intelligence reform legislation on December 8th creating a Director of National Intelligence (DNI). I supported this legislation. As a member of the Senate Intelligence Committee, I look forward to working with the DNI on issues critical to our nation's intelligence capabilities.

Next year will be critical as the Administration implements these reforms and Congress sets about the task of

providing proper oversight over the intelligence community. I will make oversight of the intelligence community a priority in 2005.

Immigration Reform

America cannot continue to defer making tough choices about its immigration policy. Like President Bush, I do not believe it is in our security interests to have 8-10 million undocumented individuals living inside our borders. In 2004, I introduced the Immigration Reform Act. This legislation seeks to reform the unworkable patchwork of immigration laws that have led to unacceptable weaknesses in our national security and created an underground, black market labor force that hurts both U.S. and immigrant workers.

In February, I joined four of my Senate colleagues who introduced related proposals in testifying before the Senate Judiciary Committee on this issue. In the new Congress, I will re-introduce this legislation and work with the President to ensure that passage of comprehensive immigration reform remains a top priority.

Tsunami Disaster in Southeast Asia

On December 26th, a tsunami struck Southeast Asia leaving more than 160,000 dead and countless others homeless. I paid condolence visits to the Ambassadors of the four nations hardest hit by the tsunami: Indonesia, India, Thailand and Sri Lanka. I offered each Ambassador the condolences and support of the people of Nebraska as the world community deals with this immense tragedy. I also pledged help in assisting with Congressional aid packages to those nations dealing with this disaster.

Agriculture and Rural Development

Agriculture Assistance

Congress passed \$2.9 billion in agriculture disaster assistance last year, providing important relief for Nebraska's producers who have suffered severe losses due to drought conditions. The measure provides funding through the Crop Disaster Program, the Quality Loss Program and the Livestock Assistance Program. Qualified producers who have sustained losses during the 2003 or 2004 production years will be eligible for assistance. I was an original cosponsor of the \$2.9 billion measure and met with Senate Appropriations Chairman Stevens (R-AK) in September to help broker the final agreement.

BSE - Beef Trade

In December 2003, the first case of Bovine Spongiform Encephalopathy (BSE) was discovered in the United States. Over the last year, I worked with the U.S. Department of Agriculture (USDA) Secretary Ann Veneman, foreign diplomats and my Senate colleagues to ensure the safety of the U.S. beef supply as well as provide additional tools to help control disease threats to U.S. livestock. In 2004, I introduced the United States Animal Identification Plan Implementation Act. This legislation bolsters current disease control measures by implementing a plan for tracking livestock. I plan to reintroduce my Animal Identification bill this year and will continue working with my colleagues and industry leaders on this important issue.

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MAJOR ISSUES IN CONGRESS IN 2004

Family Farmers

In October, Congress passed into law an extension to Chapter 12 of the Bankruptcy Code. I cosponsored this legislation. It allows Nebraska agriculture producers to reorganize their financing to continue to operate the family farm. It is important for agriculture producers to have a streamlined bankruptcy process.

Chapter 12 expired on January 1, 2004. The bill retroactively extends Chapter 12 from January 1, 2004 to July 1, 2005. I support a permanent fix to the bankruptcy code. This legislation will provide an important short term solution while we work to fix the problem permanently.

The New Homestead Act

Population decline in rural America has presented new challenges for Nebraska. In an effort to assist our rural communities, I sponsored legislation with Senator Byron Dorgan (D-ND) which uses multiple incentives aimed at attracting individuals and businesses to rural areas. The Senate Committee on Finance held a field hearing on this legislation in Sioux City, Iowa. Portions of the bill were included in a broader Senate tax bill, however, Congress did not include the New Homestead Act provisions in the final tax measure. I plan to reintroduce this legislation in 2005 and will continue to work to provide opportunities for families who choose to live in rural America.

Arsenic Regulation Compliance

Arsenic is a known health hazard that causes certain types of cancer. Last year, Senator Domenici (R-NM) and I introduced the Community Drinking Water Assistance Act to assist small communities in complying with drinking water standards, including arsenic levels. We will reintroduce this legislation at the beginning of the new Congress and work for its passage.

During Round II of a national project, the EPA selected the Nebraska towns of Lyman and Stromsburg as demonstration sites for arsenic reduction technologies in drinking water. The EPA will be testing various arsenic removal mediums in nearly 30 communities in the U.S. I will continue to work with the EPA to implement these demonstration projects and to share the results with communities facing similar water quality challenges.

Education

Individuals with Disabilities Education Act (IDEA)

When Congress passed IDEA in 1975, it promised to provide states with 40 percent of the costs needed to educate children with disabilities. Unfortunately, Congress has never fulfilled its funding promise and IDEA remains one of the largest unfunded federal mandates on states. For the last eight years, I have cosponsored legislation mandating full IDEA funding that will put Congress on the path to meeting its 1975 commitment.

In 2004, Congress passed legislation to re-authorize the IDEA program. This was a huge win for education funding. During the debate, Senator Harkin (D-IA) and I offered an amendment that would have ensured that the federal government move

toward fully funding IDEA by making annual funding increases mandatory. Although my amendment received 56 votes, it failed on a budgetary point of order. However, we succeeded in getting a re-authorization bill passed that included language to put the IDEA program on a path to full funding in the years to come. In the next Congress, I will continue to work with my colleagues to ensure the promise of full funding.

Nebraska Schools

Over the past year, I visited many Nebraska elementary and secondary schools and met with students, teachers, support staff and administrators. Nebraska's education officials continue to express concern with the compliance requirements in the No Child Left Behind Act. I will continue to work to make improvements in this law. In February, I was honored to receive the President's Recognition for Outstanding Advocacy from the National Parent Teacher Association in Washington, D.C.

Energy and the Environment

Last year, Congress was unsuccessful in passing a comprehensive Energy bill. The legislation included the Renewable Fuel Standard (RFS) provision I co-sponsored in 2003. The RFS would have dramatically increased the nation's use of clean, domestically produced renewable fuels in the United States. Congress must pass a balanced and realistic approach to producing energy that protects the environment, expands our economy, strengthens our national security and moves America toward energy independence. I will work with my colleagues in the new Congress to pass a comprehensive Energy bill that includes a RFS.

Health Care

Fragile X Research

In May, I received the Research Beacon Award at the National Fragile X Gala in Omaha. Fragile X is the most common cause of inherited mental retardation. Those afflicted with this condition often suffer mild to severe mental retardation, anxiety, seizures and a variety of learning disorders. There is no cure for Fragile X Syndrome.

In the new Congress, I will continue to work with my colleagues to promote finding a cure for Fragile X Syndrome.

Public Health Workforce

Our nation faces critical public health threats and challenges ranging from emerging diseases such as West Nile Virus and Severe Acute Respiratory Syndrome (SARS), to the special needs of an aging population, to bioterrorism and obesity. However, large numbers of our public health staff are nearing retirement and there are not enough students graduating with training in public health to replace them.

Over the next five years, Nebraska will have a higher percentage of public health workers eligible for retirement than any other state in the nation. Senator Durbin (D-IL) and I introduced the Public Health Workforce Preparedness Development Act. This legislation would increase the number of qualified public health workers at the federal, state and local levels by providing scholarships and loan repayments for public health students, and for public health workers who agree to serve in federal, state and local public health agencies. Senator Durbin and I will reintroduce this legislation in the new Congress.

Trade and Development

Opening new trade opportunities for America must remain a high priority for this country. In 2004, Congress passed two new Free Trade Agreements with Australia and Morocco. I supported both of these agreements as significant steps to continue reducing trade barriers around the globe for U.S. companies. Free Trade Agreements eliminate or greatly reduce most, if not all, tariffs on Nebraska agricultural and manufactured products making them more competitive in these parts of the world.

Last year marked the 10th Anniversary of the North American Free Trade Agreement (NAFTA). In 2003, Nebraska's exports to Canada and Mexico totaled over \$1.2 billion. Those goods largely consisted of agricultural products like beef and corn. In April, I held a hearing in the Senate Subcommittee on International Economic Policy, Export and Trade Promotion to review what has been accomplished over the last decade with NAFTA and what the future holds for this agreement.

Military Personnel and Veterans

Increase in Troop End Strength

In March, Senator Reed (D-RI) and I introduced legislation to expand the size of the United States Army by 30,000 soldiers. A Hagel-Reed compromise amendment was included in the Defense Authorization Act, which raises the active duty end strength of the Army to 502,400. These additional troops are urgently required to give the Chief of Staff of the United States Army the tools he needs to fight the War on Terrorism, help stabilize Iraq and Afghanistan and meet the global demands being placed on today's force structure.

Military Retirees

The Survivor Benefit Plan (SBP) is an insurance policy that protects the spouses of retired military personnel. The retired service member pays a monthly premium to be covered under SBP.

In 2004, I cosponsored the Military Survivor Benefits Improvement Act to correct an unfair drop in the benefit at age 62. Key elements of this bill were included in the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005. The SBP provision in the Defense Authorization bill increases the age-62 annuity incrementally from 35 percent to 55 percent over the next 3 to 4 years.

G.I. Bill Enhancement Act of 2004

In October, I introduced the G.I. Bill Enhancement Act of 2004 to eliminate the current G.I. Bill's \$1,200 co-payment for active duty members of our nation's military. The Senate did not have time to address my bill last year. I will reintroduce this bill in the new Congress.

Currently, recruits are given the option of enrolling in the G.I. Bill upon enlistment. If they choose to participate, they must contribute \$1,200 which is deducted from their monthly pay over 12 months. My legislation waives the \$1,200 co-payment for any member of the United States military serving on active duty during the period after President Bush's November 2001 Executive Order that placed the military on a wartime footing.

Military Death Benefit Improvement Act of 2004

In October, I also introduced the Military Death Benefit Improvement Act of 2004. This legislation helps to alleviate some of the financial hardships families face when their loved ones are killed by increasing the Military Death Benefit from \$12,000 to \$50,000. Again, the Senate did not have time to address my bill last year. It will be reintroduced in the new Congress.

The military death benefit is money provided within 72 hours to families of service members who are killed while on active duty. These funds assist next-of-kin with their immediate financial needs. The loss of a loved one is a tremendous emotional hardship for families. Congress should do what it can to ensure that it does not cause financial hardships as well.

Purple Heart Recognition Day

In July, the Senate passed a resolution that I sponsored with Senator Clinton (D-NY) designating August 7, 2004 as "National Purple Heart Recognition Day." The



Hagel being honored by the 82nd Airborne Division Association for his efforts to designate August 16th, 2004 as "National Airborne Day."

Purple Heart is the oldest presently used military decoration in the world. Over the course of its existence, the Purple Heart has been bestowed upon 1,535,000 Americans, 550,000 of whom are still living.

Veterans History Project

The Veterans History Project and its Five Star Council, of which I am a member, continues to collect video and audio recordings of personal histories and testimonials from American war veterans. I cosponsored the original legislation creating the Veterans History Project.

On November 11th, the Veterans History Project and National Geographic released the book *Voices of War*, a collection of stories of service from the home front and the front lines. Some of my own experiences from Vietnam were included in this book. I had the honor of highlighting the importance of the Veterans History Project in the afterword I wrote for *Voices of War*. If you would like more information on the Veterans History Project, please visit their website at www.loc.gov/folklife/vets/.

Omaha Veterans Home

The Omaha Veterans' Home site development is underway with earth being moved and other site infrastructure being developed. Ground breaking for the beginning of the building construction should occur in early spring 2005. I have worked closely with the Department of Veterans Affairs (VA) to ensure this project was one of its top priorities.

Economy

Tax Cuts

In October, Congress passed the Working Families Tax Relief Act of 2004. I supported and voted for this bill. Among the tax relief provisions included in the bill is an extension of four tax cuts that would have expired at the end of 2004: the \$1,000 child tax credit, the expanded 10 percent tax bracket, the marriage-penalty relief and the increased exemption for the Alternative Minimum Tax.

If we are to meet the enormous challenges facing this country, we will need sustained economic growth. This tax cut was a victory for Nebraska and the American people. We reached the responsible objective of getting money back into the hands of the people who earned it and who will invest it in America's future.

Housing Finance Oversight Reform

In response to accounting and management problems revealed in June 2003, I introduced legislation to improve oversight of the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). Due to weak regulation, both companies have experienced significant accounting and management problems over the past two years. Almost half of the \$7.2 trillion single-family mortgage loans in the U.S. are owned or guaranteed by Fannie Mae and Freddie Mac. It is imperative that these companies operate in a safe and sound manner.



Senator Hagel visiting St. Wenceslaus School students.



Senator Hagel and Governor Johanns surveying the damage caused by tornadoes in Hallam.

MAJOR ISSUES IN CONGRESS IN 2004

The Senate Banking Committee passed this legislation in April, however the full Congress failed to act. We need to create a strong and effective regulator for Fannie Mae and Freddie Mac to ensure that they follow their Congressionally charted housing mission and do not pose systemic risk to our economy. This is in the best interest of the housing industry, investors and the American taxpayer. I will reintroduce my legislation in the new Congress.

Flood Insurance

Congress passed legislation in June 2004 to extend and reform the National Flood Insurance Program (NFIP) through 2008. I was an original cosponsor of this legislation. Currently, communities at low risk for flood, such as North Platte, pay the same NFIP rate as policyholders who experience repetitive flood damage. The new law makes the NFIP more equitable by increasing the rate paid by repetitive claimants who do not take steps to reduce their risk of future flood damage. The bill provides \$40 million a year for five years to help those in high-risk areas reduce their flood risk. This will help take some of the financial burden off of Nebraska communities like North Platte.

Banking Reform

To improve banking services for individuals, farmers and small businesses in Nebraska, I introduced the Interest on Business Checking Act. This legislation would repeal a law dating back to the Great Depression that prevents small business owners, including farmers and ranchers, from earning interest on their checking accounts. While allowing Nebraska's small businesses and farmers to directly benefit by earning interest on their checking accounts, this bill will also increase the ability of small banks to attract business deposits and compete with larger banks.

The Senate Banking Committee held a hearing and heard testimony outlining the benefits of this reform. I will reintroduce this legislation in the new Congress.

In Nebraska

Homestead National Monument

Last year, Congress appropriated \$1.12 million for planning of the Homestead Heritage Center in Beatrice. Leaders of the Homestead National Monument have worked to construct a Heritage Center to commemorate the historic contributions and courage of Nebraska's original homesteaders. Nebraska Congressman Doug Bereuter was committed to the expansion and improvement of the Homestead National Monument. In August, I visited the Homestead National Monument to tour the facility and express my commitment to this project. I will continue to work with the Park Service, the City of Beatrice and the local Friends of the Homestead National Monument to ensure the construction of this important educational facility.

Constituent Services

Every day, I have a team of 15 staff specialists in my four Nebraska offices who help Nebraskans find solutions to problems they encounter while dealing with federal programs. These staff specialists attend meetings and conferences in the state to stay in close contact with Nebraskans and the agencies administering federal programs. They also make sure that I am aware of calls, e-mails, faxes and letters that come into my state offices.

Since I took office in January 1997, we have given direct assistance to more than 16,300 requests, including roughly 3,800 veteran and military cases. Last year, my office worked on more than 2,600 cases. We manage between 550-600 active cases on a daily basis. We will continue to be there and assist Nebraskans in every way possible. That is our job!



Senator Hagel meeting with dairy producer Jerry Bond during a visit to the Bonderosa Dairy Farm in Avoca.

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